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PORT OF MONTANA

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February 22, 2000

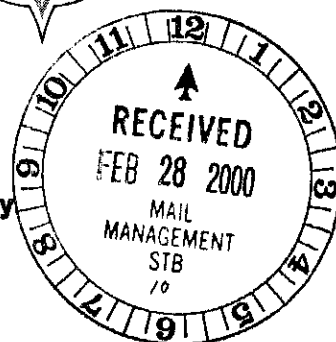
Secretary
U.S. Surface Transportation Board
1925 K Street, N.W.
Washington D.C. 20423-0001

RE: Ep 582
~~Finance Docket 33842~~

ENTERED
Office of the Secretary

FEB 29 2000

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Public Record



Dear Secretary:

The Port of Montana depends on rail service for our livelihood. The Port is served by both the BNSF and the UP, and utilizes in excess of fifteen hundred rail cars per year.

I support the STB's decision in the BNSF/CN docket to examine very carefully the BNSF/CN proposed control application, including all of the effects it could have on the rail transportation industry. The Board should not look at the transaction in a vacuum. It should consider the effects that further mergers and consolidation in the rail industry will have on shippers.

The March hearings in EX Parte 582 offer a good opportunity for the Board to address the kinds of evidence it should consider (and require BNSF/CN to submit in their application) when it turns its attention to evaluating the BNSF/CN proposal. The timing is not right for another major rail consolidation now or in the near future. The rail industry and the shippers are still adjusting to the effects and impacts of the most recent round of mergers that were triggered with BN's purchase of the Santa Fe.

The Port has experienced the effects of service disruptions, equipment shortages and loss of revenues caused by rail mergers in the last five years. While improvements in service and equipment supply have taken place, this has been a long expensive and resource consuming process for the Port. The rail industry, at this point in time, need to focus their time and energy on improving their service in the current industry structure.

Major rail consolidations, like the proposed BNSF/CN, will lead to additional consolidations and mergers, that at this point in time are not in the best interest of the rail industry, nor the shippers. Every shipper is aware of the benefits of competition, but the very real possibility of just two major railroads serving all of North America is, under current circumstances, a scary proposition.

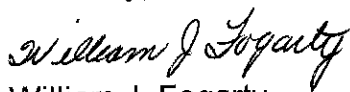
The STB is well aware that merger implementation is a time and resource consuming

process. The Port is still attempting to regain customers that were lost due to the disruption of service caused by the most recent round of mergers. The shipping community needs a period of stability and the rail industry needs to focus on improving service, so that both sides reap the benefits that were predicted as an outcome of the mergers.

All of us recall the sad financial status of the railroads prior to the passage of the Staggers Act. The railroads simply did not have the financial resources, prior to the Staggers Act, to maintain and update their infrastructure. Not many want to return to regulation that was existent prior to the Staggers Act. However, if the merger trend continues and the service problems that have been associated with the most recent mergers persist, this could fuel the impetus in Congress to legislate some form of regulation. There is already some legislation in Congress to do just that. The rail industry has made significant progress since deregulation. The Port does not want to see the return of regulation to the rail industry. This would have a negative impact on the financial health of the rail industry and ultimately the shipper. It would soon be evident that the rail industry, would again, not have the resources to maintain and upgrade their infrastructure. Additional mergers, at this time, will lead to increased pressures on Congress to regulate the industry.

A further reduction in the number of large railroads serving North America will inevitably lead to a dramatic change in economic regulation that will not be in the best interests of the railroads or the shippers. The Port and it's customers benefit from the competition and services that the railroads offer their customers.

Sincerely,

A handwritten signature in cursive script that reads "William J. Fogarty".

William J. Fogarty
General Manager
Port of Montana Port Authority